Arbitration Proceeding between Elop and Rafael

Haifa, Israel – September 25, 2007 – Elbit Systems Ltd. (Nasdaq ESLT) announced that as a result of an arbitration proceeding initiated by its subsidiary Elbit Systems Electro-Optics Elop Ltd. (Elop), that filed a claim against Rafael Armaments Development Authorities Ltd. (Rafael) in an amount of approximately $55 million, Rafael has filed a counterclaim in the arbitration proceeding in the amount of approximately $14 million. Elop filed the arbitration claim against Rafael for damages and breach of contract relating to a subcontract under which Rafael was a subcontractor to Elop.

Based upon a preliminary review of the counterclaim, Elbit Systems management does not believe this matter will have a material adverse impact on its results of operations.

About Elbit Systems Ltd.:
Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of defense-related programs throughout the world. The Elbit Systems Group, which includes the company and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance ("C4ISR"), unmanned air vehicle (UAV) systems, advanced electro-optics, electro-optic space systems, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and radios. The Group also focuses on the upgrading of existing military platforms and developing new technologies for defense, homeland security and commercial aviation applications.

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This press release contains or may contain forward-looking statements, including statements regarding the future performance of our operations and our business strategies and commitments. For these statements and all other forward-looking statements, Elbit Systems Ltd. claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy or are otherwise beyond our control and some of which might not even be anticipated. Future events and actual results, affecting our strategic plan as well as our financial position, results of operations and cash flow, could differ materially from those described in or contemplated by the forward-looking statements. Important factors that contribute to such risks include, but are not limited to, governmental regulations and approvals, changes in governmental budgeting priorities, and general market, political and economic conditions in the countries in which the Elbit Systems Group operates or sells, including the United States.